

# **2005 Legislative Session**

**Idaho State Tax Commission  
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The following House Bills are now law:

1. [H.B. 31 – Technical corrections for Circuit Breaker Laws](#)
2. [H.B. 99 – Increasing Taxing District’s Base Property Tax Budget](#)
3. [H.B. 126 – Forestland Property Taxation - Revised](#)
4. [H.B. 215 – Agricultural Use of Land](#)
5. [H.B. 222 – Confidential Information Provided to Assessor](#)
6. [H.B. 224 – Deregulating Local Exchange Telephone Services](#)
7. [H.B. 252 – Circuit Breaker Income](#)
8. [H.B. 253 – Exempt Certain Unused Infrastructure](#)
9. [H.B. 254A – Attempt to Amend H.B. 488](#)
10. [H.B. 264 – School District M & O Budget](#)
11. [H.B. 299 – Homeowner’s Exemption for Certain Leased Homes](#)
12. [H.B. 306A – Corporate Headquarters Property Tax Incentive](#)
13. [H.B. 319 – Large Investment Exemption](#)
14. [H.B. 323A – Small Employer Incentive Exemption](#)

## **Technical Corrections for Circuit Breaker Laws H.B. 31**

- Amends Idaho Code section 63-701(1), – Clarifies:
  - Ownership must be before April 15.
  - Occupancy must be before April 15.
  - Application must be submitted by April 15.
  - Eligibility criteria must be met on January 1.
- Amends Idaho Code section 63-701(7) – Clarifies that it can be any sale contract not just land sale contract.
- All changes are technical corrections to laws matching current practices.
- **Effective 7/1/2005. (Law)**

## **Increasing Taxing District's Base Property Tax Budget H.B. 99**

- Amends Idaho Code section 63-802.
- Authorizes all taxing districts to increase property tax budget base above 3% cap with 2/3 vote (not to exceed maximum levy).
- Cities have two methods:
  - New 2/3 vote.
  - Increase to 0.004 with 60% vote (continuing law).
- New non-school property tax budget caps:
  - Dissolved districts, if they start new within 3 years with the same boundaries, they cannot exceed the previously authorized limit.
  - Consolidated districts (except fire): the property tax budget is limited to the sum of the previously authorized limit for individual districts.
- **Effective 1/1/2005. (Law)**

## **Forestland Property Taxation**

### **Revised**

### **H.B. 126**

- Amends Idaho Code, Chapter 17, Title 63.
- Defines taxable forestland value under the productivity option to be the value calculated from the timber productivity valuation process as provided in the User's Guide (Schlosser, 1/1/05).
- Identifies custodial expenses which are allowed expenses in the timber productivity valuation process.
- Provides for the Tax Commission to conduct a forest management cost study every 5 years beginning in 2005 for application in 2007.
- Provides for CFTM to meet periodically as determined by the chairman or the committee.
- **Effective 1/1/2005. (Law)**

## **Agricultural Use of Land**

### **H.B. 215**

- Amends Idaho Code section 63-604.
- Removed the requirement to be part of an agricultural enterprise.
- Grazing use must be part of for-profit enterprise.
- For-profit means the enterprise will, over some period of time make or attempt to make a return of income exceeding expenses.
- **Effective 1/1/2005. (Law)**

**Confidential Information  
Provided to Assessor  
H.B. 222**

- Amends Idaho Code section 9-340D.
- Records exempt from public disclosure:
  - Are records provided by the taxpayer to the assessor containing taxpayer's income and expense information used by the assessor to value taxpayer's property.
- **Effective 3/15/05. (Law)**

**Deregulating Local Exchange Telephone Service  
H.B. 224**

- Amends Idaho Code, Chapter 6, Title 62.
  - Permits election to deregulate local exchange service.
  - Sets transition period of 3 years (+ 2 years).
  - Caps price in first year at 10% above rate in effect at time of election and subsequent 2 years at difference.
  - Caps stand-alone basic local exchange service price at the rate charged by the provider with the highest number of customers.
  - Upon petition, other non-regulated telephone corporations have minimum price for local exchange service at petitioner's average cost for providing this service.
- For assessors, the issue is eligibility for qualified investment exemption (Idaho Code section 63-6029B).
  - Idaho Code section 63-6029B excludes providers whose price or rate of return is regulated or limited by federal or state Law
  - If current regulated provider is deregulated they become eligible under Idaho Code section 63-6029B.
  - If current non-regulated provider is regulated they lose eligibility under Idaho Code section 63-6029B.
- **Effective 7/1/2005. (Law)**

## **Circuit Breaker Income**

### **H.B. 252**

- Amends Idaho Code section 63-701(5).
- Income to qualify for circuit breaker benefits excludes death benefits paid to beneficiary by Veterans Affairs when death is service connected.
- Estimated \$150,000 impact to general fund.
- **Effective 1/1/2005. (Law)**

## **Exempt Certain Unused Infrastructure**

### **H.B. 253**

- Adds Idaho Code section 63-602HH.
- Board of county commissioners may grant exemption following a public meeting and hearings.
- Taxpayer must certify property is non-operational.
- Board may grant exemption for up to 5 years and may grant extension for up to 5 years.
- Board may exempt unused infrastructure, such as rail, water, natural gas, and electrical lines.
- Board's minutes must contain decision, and board must notify assessor and Tax Commission of any exemption granted and its duration.
- **Effective 7/1/2005. (Law)**

## **H.B. 254 as Amended**

- Amended House Bill 254 passed both houses of the legislature but was vetoed by the governor.
- This was an attempt by the legislature to amend H.B. 488 from the 2002 legislative session, changing eligibility requirements, changing the level of exemption to 95% of market value, requiring an application, and limiting the duration of the exemption for each property to 15 years.
- The bill was vetoed because it did not pass until April 6 but required everyone owning eligible property to submit an application by April 15. This limited window of opportunity for taxpayers was the basis for the veto.

## Comparisons for Lot Taxes Show How Taxes Shift

[illegible]

**School District  
Maintenance & Operations Budget  
H.B. 264**

- Amends Idaho Code, Chapter 8, Title 33.
- When notice of termination for revenue allocation area has been given, a school district may add increment value to December 31 values for purpose of calculating maximum maintenance and operations budget, and property tax replacement revenue (Idaho Code section 33-1002D).
- School district must publish notice of this action in a newspaper stating additional tax revenue to be collected.
- **Effective 7/1/2005. (Law)**

**Homeowner's Exemption  
for  
Certain Leased Homes  
H.B. 299**

- Amends Idaho Code section 63-602G.
- Extends homeowner's exemption to leased homes owned by military personnel on active duty in a designated combat zone.
- **Effective 1/1/2005. (Law)**



## **Corporate Headquarters Property Tax Incentive H.B. 306A**

- Adds Idaho Code, Chapter 29, Title 63.
- Provides various tax incentives including a property tax incentive of up to \$2 million for tax years 2005 through 2012.
- Property taxes paid on newly constructed real property improvements and new personal property otherwise eligible for investment tax credit.
- Taxpayer must file for property tax rebate within 3 years.
- Taxpayer must meet certain employment level, pay level, and investment requirements.
- Taxpayer must certify the incentive criteria will be met on a project site during the project period.
- Has a provision for recapture by the Tax Commission.
- For assessors, requires separate identification on the new construction roll.
- **Effective 1/1/2005. (Law)**

## **Large Investment Exemption H.B. 319**

- Adds Idaho Code section 63-602HH.
- Exempts real, personal, and leased property over \$800 million in one county.
- Taxpayer must designate property for exemption, exhausting list of real and personal property before listing leased property.
- Leased property included in this exemption will not be assessed to its owner.
- To be granted this exemption, the taxpayer must have made an investment of at least \$25 million in new improvements or personal property in the prior year.

- In any year, when granted this exemption on January 1, the taxpayer must have employed or engaged (contract workers) at least 1,500 full-time employees in the county.
- The qualified investment exemption must be taken before this Large Investment exemption, and no other property tax exemption is allowed in any year that this exemption is granted.
- **Effective 1/1/2005. (Law)**

### **Small Employer Incentive Exemption H.B. 323A**

- Adds Idaho Code, Chapter 24, Title 63, and Idaho Code section 63-606A.
- Taxpayer must meet certain employment level, pay level, and investment requirements (80% of investment must be at one site).
- Taxpayer must certify the incentive criteria will be met on a project site during the project period.
- Property tax credit is limited to property taxes paid on buildings and structural components at headquarters (2005 – 2009).
- Provisions for recapture by Tax Commission (doesn't include property taxes).
- County board of equalization (BOE) may exempt all or part of the value of buildings, structural components, or investments otherwise eligible for investment tax credit (occupancy exemption is on new improvements; see Idaho Code section 63-602Z).
- To grant the exemption, the BOE must find the exemption benefits citizens and taxing districts making the exemption necessary and just.
- Upon request, the Tax Commission may disclose information needed to identify property eligible for any exemption.
- Exempted property must be excluded from the new construction roll.
- **Effective 1/1/2005. (Law)**